

October 8, 2003

Dennis Braddock, Secretary
Department of Social and Health Services
Washington State
P.O. Box 45010
Olympia, WA 98504-5010

Re: Request to Amend Washington's Disease Management 1915(b)(4) Waiver:
Request for Additional Information

Dear Mr. Braddock:

This in response to your August 6, 2003 Request to Amend Washington's Disease Management program. The amendment is designed to bring the Disease Management program into compliance with the Balanced Budget Act of 1997 regulations.

Following review of the official submission by the Centers for Medicare and Medicaid Services (CMS), it has been determined that the amendment, as written, is not approvable and that additional information is required as outlined in the attached Request for Additional Information (RAI).

Regulatory requirements at 42 CFR 430.25(f) provide that a waiver amendment request must be approved, disapproved, or additional information requested within 90 days of receipt, or else it will be deemed granted. In this case, the 90-day period ends on November 11, 2003. This RAI will, however, stop the 90-day clock, which will restart at day one, once the requested information is submitted to us. In order to facilitate timely review of the State's response to the RAI we recommend the State's response be submitted to the CMS RO for review no later than 90 days from the date of this letter. Your response will then allow us to proceed with the approval of your SPA request.

We recognize the importance of the State receiving approval of this waiver amendment in a timely manner. CMS is committed to continued work with State staff in order to get the amendment approved as quickly as possible and we look forward to receiving your written

response to this Request for Additional Information. Please contact me or Carol Crimi at (206)615-2515 if additional assistance is required.

Sincerely,
/ s /

Karen S. O'Connor,
Assistant Regional Administrator
Division of Medicaid and Children's Health

Attachment

Cc: Doug Porter, Assistant Secretary, MAA
MaryAnne Lindeblad, Director, Division of Program Support, MAA

Electronic cc: Mike Fiore, CMS Central Office
Sharon Donovan, CMS Central Office

Drafter: Ccrimi
File Name: RAIWaivAmendBBA10_03
File Code: 3330
Final: Jo 10/6/03

REQUEST FOR ADDITIONAL INFORMATION
Washington Disease Management Program
Amendment to 1915(b)(4) Waiver

1. Section 1903(a)(1) provides that Federal matching funds are only available for expenditures made by states for services under the approved State Plan. To ensure that program dollars are used only to pay for Medicaid services, we are asking states to confirm to CMS that the Prepaid Ambulatory Health Plans (PAHPs) in the Washington State Disease Management Program retain 100 percent of the payments. Do the PAHPs retain all of the Medicaid capitation payments? Do the entities participate in such activities as intergovernmental transfers or certified public expenditure payments, including the Federal and State share, or is any portion of any payment returned to the State, local governmental entity, or any other intermediary organization? If the PAHPs are required to return any portion of any payment, please provide a full description of the repayment process. Include in your response a full description of the methodology for the return of any of the payments, a complete listing of the amount or percentage of payments that are returned and the disposition and use of the funds once they are returned to the State (i.e., general fund, medical services account, etc.)
2. Section 1902(a)(2) provides that the lack of adequate funds from local sources will not result in the lowering the amount, duration, scope, or quality of care and services available under the plan. Please describe how the state share of the Medicaid capitation payment for the PAHPs are funded. Please describe whether the state share is from appropriations from the legislature, through intergovernmental transfer agreements (IGTs), certified public expenditures (CPEs), provider taxes, or any other mechanism used by the state to provide state share. Please provide an estimate of total expenditures and State share amounts for the Medicaid capitation payments. If any of the state share is being provided through the use local funds using IGTs or CPEs, please fully describe the matching arrangement. If CPEs are used, please describe how the state verifies that the expenditures being certified are eligible for Federal matching funds in accordance with 42 CFR 433.51(b).
3. Section 1902(a)(30) requires that payments for services be consistent with efficiency, economy, and quality of care. Section 1903(a)(1) provides for Federal financial participation to States for expenditures for services under an approved State plan. If supplemental or enhanced payments are made, please provide the total amount for each type of supplemental or enhanced payment made to the PAHPs.
4. Are there any actual or potential payments to PAHPs or other providers under this waiver that supplement or otherwise exceed the amount certified as actuarially sound as required under 42 CFR 438.6(c)? (These payments could be for such things as incentive arrangements with contractors, risk sharing mechanisms such as stop-loss limits or risk corridors, or direct payments to providers such as DSH hospitals, academic medical centers, or FQHCs.) If so, how do these arrangements comply with the limits on payments in §438.6(c)(5) and §438.60 of the regulations?

If managed care contracts include mechanisms such as risk corridors, does the state recoup appropriate amounts of any profits and return the Federal share of the excess to CMS on the quarterly expenditure reports?

5. In Section D of the amendment, the State stipulates that capitation rates for the PAHPs comply with 42 CFR 438.6(c). However, to date, CMS has not received the documentation required by 42 CFR 438.6(c)(4), i.e., the actuarial certification of the rates. Please provide the required certification.